



Bolivarian Government  
of Venezuela

People's Ministry  
of Oil and Mining

## VIEWS FROM VENEZUELA ON AREA (A) OF THE WORK PROGRAMME IN ACCORDANCE WITH DECISION 8/CP.17, PARAGRAPH 1

***Sharing of information and expertise,  
including reporting and promoting  
understanding of positive and negative  
impacts of response measures***



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# 1 Actual and potential impacts of the implementation of RM experienced on the ground

**Venezuela has specific economic circumstances, resulting from its condition of mono-exporting country: the high dependence on exports of fuels and hydrocarbons, which account for about 95 percent of total merchandise exports, poses significant challenges to the venezuelan economy**

# 1 Actual and potential impacts of the implementation of RM experienced on the ground

Such difficulties are recognized by several international organizations, **including WTO**, who in its Trade Policy Review (2002), mentioned:

- **Total economic dependence on hydrocarbons**
- **Dutch Disease**
- **"Contagion" to other areas of the economy**

# 1

## Actual and potential impacts of the implementation of RM experienced on the ground

Due to these particular circumstances and vulnerabilities, the Bolivarian Republic of Venezuela is disadvantageously positioned, in the light of policies and measures to address climate change

**Energy Security**



**No Energy Security**

**Response Measures**

# VENEZUELAN HYDROCARBONS

**EFFECTS**  
Reduction of national net incomes, increasing vulnerability

**Less Production**

**THREATS**  
Reduction of oil demand as a result of policies for emission reductions

## 2 How these impacts can be addressed including ways to report them (positive and negative)?

### Addressing the problems: Forum as a Platform

**Paragraph 93 of COP 16 Decision:** *“Further decides to provide a forum on the impact of the implementation of response measures, and to that end requests the Chairs of the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation to convene such a forum at the thirty-fourth and thirty-fifth sessions of these bodies, with the objective of developing a work programme under the subsidiary bodies to address these impacts, with a view to adopting, at the seventeenth session of the Conference of the Parties, modalities for the operationalization of the work programme and a possible forum on response measures”*

## 2 How these impacts can be addressed including ways to report them (positive and negative)?

In accordance with the Background Paper produced after the Workshop on Reporting Methodologies on Article 3.14 of the Kyoto Protocol (Abu Dhabi, September 2006), it is important to remember the following remarks:

## 2 How these impacts can be addressed including ways to report them (positive and negative)?

- **“Article 7.1 of the Kyoto Protocol:** 1. Each Party included in Annex I shall incorporate in its annual inventory of anthropogenic emissions by sources and removals by sinks of greenhouse gases not controlled by the Montreal Protocol ... the necessary supplementary information for the purposes of ensuring compliance with Article 3, to be determined in accordance with paragraph 4 below.”
- Reporting items related to GHG inventories rely on common guidelines (Transparency, Consistency, Comparability, Completeness, Accuracy) and reporting formats

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### Some Challenges

Examples of policies that have negative impacts:

- **Unilateral Aviation Taxes**: it does not take into account differences between national air companies. Small and young airlines can't pay the same price of the major players of the industry.
- **Shale Gas exploitation**: exploration and production of massive shale resources are not exactly sustainable. This activity is particularly dangerous for soils and for natural water sources.

## 2 How these impacts can be addressed including ways to report them (positive and negative)?

- **Biofuels**: normally, biofuels are obtained from crops or from metabolic by-products (organic or food waste products). In the first case, there are some food security consideration to make before using these crops as raw material for fuel. The other option is better but not sustainable.

**Processing plants into fuel consumes a lot of energy.** It is not quite clear if crops provide more energy than that required to grow and process them. Given the fact that **most of the energy used in production comes from fossil fuels, BIOFUELS DO NOT REPLACE AS MUCH OIL AS THEY USE**

## 2 How these impacts can be addressed including ways to report them (positive and negative)?

### **Other considerations**

- Climate Change policy needs to be discussed in the UNFCCC (the Forum) because they have knock-on effects beyond environmental issues (Trade rules, development, technology, etc.)

# 3

## How the economies are being diversified?

- **New political guidelines have been developed to improve Venezuela's industries:** petrochemicals, processed food, textiles, ITC, final products industries from raw materials (iron and aluminum)
- **All based in financial support that comes from oil incomes.** To become non-oil dependent, some oil dependence is first required
- **Bilateral and regional agreements** intended to strengthen mechanisms to diversify our economy